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Message Text

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PAGE 01 ADANA 00302 081002Z
21
ACTION EUR-12

INFO OCT-01 ISO-00 XMB-04 EB-07 COME-00 TRSE-00 CIEP-02
OMB-01 CIAE-00 INR-07 NSAE-00 DODE-00 /034 W
---------- 040430
P 080630Z DEC 76
FM AMCONSUL ADANA
TO SECSTATE WASH DC PRIORITY 1171
INFO AMEMBASSY ANKARA PRIORITY
AMCONSUL ISTANBUL
AMCONSUL IZMIR

UNCLAS ADANA 302
E.O. 11652: NA
TAGS: BEXP, ENRG, TU
SUBJ: PRODUCT OPPORTUNITY: MERSIN THERMAL ELECTRIC PLANT EXPANSION
DEPARTMENT REQUEST PASS ALSO EXIM BANK; COMMERCE FOR MEPD
1. SUMMARY: PLANNED EXPANSION OF MERSIN THERMAL ELECTRIC POWER PLANT APPEARS TO PROVIDE MAJOR AND IMMEDIATE OPPORTUNITY FOR $30 MILLION US EXPORT SALES CONTENT PROVIDED REQUISITE FINANCING CAN BE FOUND. GENERAL ELECTRIC SEEMS TO HAVE STRONG INSIDE TRACK AGAINST WESTINGHOUSE AND SWISS FIRM BROWN BOVERI TO SUPPLY EQUIPMENT WHOSE DELIVERY IS HOPED FOR BY NEXT SUMMER IN ORDER TO DEAL WITH ANTICIPATED POWER SHORT FALL/1978-1982.

PAGE 2 RUFLEPA3836 UNCLAS
INVESTOR, HIGHLY RESPECTED PRIVATE SECTOR UTILITY, CUKUROVA ELECTRIC, STATES THAT GOT MINISTRY OF FINANCE WILL GUARANTEE FOREIGN EXCHANGE AVAILABILITY FOR REPAYMENTS WHOSE FUNDING REPORTEDLY ASSURED BY POSITIVE EARNINGS OUTLOOK. INVESTOR NEVERTHELESS CONSIDERS/EXIM BANK PARTICIPATION ESSENTIAL IN ORDER TO DEVELOP ACCEPTABLE FINANCING. END SUMMARY
2. MET DECEMBER 7 WITH TURGUT YEGENAGA, CHAIRMAN OF BOARD OF CUKUROVA ELECTRIC, WHO SAID FIRM NOW GOING AHEAD WITH BADLY NEEDED EXPANSION OF LOCAL GENERATING CAPACITIES. INDEED QUICK EXPANSION IS NEEDED TO COPE WITH VERY SERIOUS POTENTIAL SHORT FALL IN PERIOD/1978-1982 (AFTER WHICH MAJOR PROJECTS SUCH AS ELBISTAN AND ASLANTAS BEGIN TO COME ON LINE).
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PAGE 02 ADANA 00302 081002Z

3. TO HANDLE PROBLEM, CUKUROVA PLANS TO ADD TWO 75 MW

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

FUEL OIL STEAM GENERATORS OR GAS TURBINES TO EXISTING MERSIN
THERMAL (OIL) POWER PLANT. INTENSIVE DISCUSSIONS HAVE REPORTEDLY
TAKEN PLACE WITH GE, WESTINGHOUSE AND SWISS FIRM BBC (WHICH IS
SAID TO OFFER GOOD FINANCING). CUKUROVA, HOWEVER, HAS BEEN VERY
IMPRESSED BY GE UNITS THAT OPERATE ECONOMICALLY ON SO-CALLED
"BUNKER-C" FUEL. SUBJECT TO FINANCING, TENTATIVE AGREEMENT HAS
BEEN REACHED FOR DELIVERY IN SUMMER 1977 WITH UNITS BECOMING

PAGE 3 RUFLEPA3836 UNCLAS
OPERATIONAL IN 1978.
4. CUKUROVA WROTE EXIM BANK DECEMBER 6, 1977 (ATT: CLAYTON
NORRIS) REQUESTING ASSISTANCE IN OBTAINING $28 MILLION CREDIT ON
12 YEAR TERMS (2.5 YEARS GRACE INCLUDED) AT OVERALL RATE 8.75 PERCENT
.
ESTIMATED VALUE US GOODS AND SERVICES IS $31 MILLION (30.2
MILLION EX FACTORY EQUIPMENT COST; BALANCE ENGINEERING).
5. YEGENAGA BELIEVES USG SHOULD STRONGLY SUPPORT PROJECT FOR
FOLLOWING REASONS:
  A. LARGE ORDER WOULD BE PLACED NOW, AT TIME OF RELATIVELY
SLACK DEMAND IN US ECONOMY;
  B. BECAUSE GE UNITS HAVE OUTSTANDING APPLICATION POTENTIAL
FOR MIDDLE EAST COUNTRIES, MERSIN PROJECT COULD HAVE EXCELLENT
DEMONSTRATION EFFECT FOR POSSIBLE CASH CUSTOMERS. YEGENAGA
NOTE THAT GE HAD HAD TO FLY HIM TO JAMAICA IN ORDER TO
DEMONSTRATE SIMILAR UNITS;
  C. TURKISH ENERGY DEMANDS ARE JUST BEGINNING. NOW IS THE TIME
FOR US SUPPLIERS TO ESTABLISH KEY POSITIONS;
  D. BY PREVENTING OTHERWISE CERTAIN ENERGY SHORTFALL, MERSIN
PROJECT HAS IMPORTANT INDUSTRIAL AND EXPORT EARNINGS EFFECT.
5. YEGENAGA, AN INDIVIDUAL OF NATIONAL STATURE, EARNESTLY HOPES

PAGE 4 RUFLEPA3836 UNCLAS
THAT EMBASSY, DEPARTMENT, COMMERCE AND EXIM BANK CAN COORDINATE
POSITIVELY WITH AMERICAN INDUSTRY AND FINANCIAL INSTITUTIONS
TO PUT TOGETHER THE REQUISITE FINANCING. SUCH HELP WOULD BE SEEN
AS SUPPORT TO TURKEY'S PROMISING PRIVATE SECTOR AS WELL
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PAGE 03 ADANA 00302 081002Z

AS ASSISTING THE ECONOMY GENERALLY.
VON DEN STEINEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: THERMOELECTRICITY, PROGRAMS (PROJECTS), CREDIT PROGRAMS, THERMAL POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ADANA00302
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760453-0503
From: ADANA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761260/aaaabzlz.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: wolfsd
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUN 2004 by hattaycs>; APPROVED <04 AUG 2004 by wolfsd>
Review Markings:

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US Department of State
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04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRODUCT OPPORTUNITY: MERSIN THERMAL ELECTRIC PLANT EXPANSION DEPARTMENT REQUEST PASS ALSO EXIM BANK; COMMERCE F
TAGS: BEXP, ENRG, TU
To: STATE
Type: TE
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